



ECONOMIC SUCCESS:

Re-evaluating the traditional approach to economic development in order to broaden opportunity for all

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Executive Summary

Historically, the local economic development practitioner has functioned as a salesperson, responsible for selling his or her community and its industrial sites by enticing firms through strategic promotional and recruitment efforts in order to deliver job payroll and capital investment gains. But the job description of the local economic development practitioner must be updated to reflect the contemporary economic development landscape, which demands a more comprehensive skill set rooted in equity-based analysis and creative problem solving (Leigh & Blakely, 2013).

Mounting threats to long-term sustainable growth, including depressed intergenerational mobility, systemic poverty, worsening income inequality, and growing underemployment coupled with a widening skills gap, cement equity as an essential tenant of successful economic development practice in the twenty first century (Anderson, 2016). And more and more economic development practitioners and organizations alike are recognizing the value in an equity-centered – or *inclusive* – growth approach. This redefined approach to economic development has the potential to expand economic growth and opportunity, in turn putting communities on a trajectory for sustained economic success.

Several regions across the nation have already responded with targeted inclusive economic development strategies aimed at expanding prosperity to all people, especially disadvantaged populations, and boosting balanced spatial growth (Table 1). Yet many regions continue to ignore this strategy for shared prosperity in favor of traditional business attraction and retention tools.

This analysis attempts to characterize the traditional economic development conversation in the context of Fulton County to discern how community boosterism can cause economic development practitioners to completely dismiss threats to growth. This analysis also questions how economic development leaders and organizations alike can not only adequately track inclusive growth and identify targeted areas of investment over time (from both a geographical and dimensional perspective) but also retain a thorough understanding of the programmatic tools necessary to pursue authentic economic development.

History of Economic Development

Contemporary U.S. economic development practice was birthed in the American South during the early twentieth century with the emergence of “smokestack chasing,” a supply-side growth tactic initiated in response to poor economic performance and an attempt to balance agriculture with industry (Figure 1). Industry hunters sought to entice businesses to relocate their branch plants from one state to another in exchange for more favorable business conditions, including lucrative tax exemptions, low wage rates and operating expenses, and lax worker protection standards (Gargan, 2000, p. 365).

Figure 1: Balance Agriculture with Industry Program



Image Source: Mississippi Department of Archives and History, 2013.

Henry W. Grady first painted a vision of a ‘New South’ in the late 1800s. Grady envisioned a redefined regional economy with a diversified industry base comparable to that of the industrialized North, urging Southerners to abandon traditional agrarian practices in favor of a more modern economy boasting factories, mills, and mines. Soon thereafter, communities worked to attract small industrial processors. The Great Depression further cemented the linkage between industry diversification and economic prosperity, especially in the South. The State of Mississippi, for example, created the Balance Industry with Agriculture Program. In exchange for new jobs and capital investment, companies qualified for publically-backed revenue bonds to finance land purchases and plant construction, marking the start of government-sponsored economic development (Lester, 2004; Randall, 2013).

Economic development later emerged as a national policy priority during the Kennedy Administration. In 1961, the Area Redevelopment Administration (ARA) was established

(currently the Economic Development Administration)¹ to stimulate growth, especially in economically distressed communities, through business recruitment as well as poverty and unemployment reduction efforts; the federal government relied heavily on redistributive measures in an attempt to immediately raise incomes and consumer demand. Federal interest in economic development planning, however, soon subsided (Bingham & Mier, 1993, p. viii).

The practice of economic development did not gain widespread traction at the local level until the 1970s given federal budgetary constraints and aggravated pockets of poverty in rural and urban enclaves. In response, states drafted industrial recruitment strategies principally aimed at securing investments of domestic and international firms in order to create new jobs, expand the local economy, and eliminate distressed areas (Malizia & Feser, 1999, p. 5).

Motivations for local economic development planning again shifted in the 1980s to reflect intensified inter-jurisdictional and international competition, marking the beginning of the ‘second wave of economic development’ practice. Industrial recruitment as a legitimate economic development strategy was questioned as manufacturing firms established branch plants abroad, thus paving the way for “home grown economic development activities” (Malizia & Feser, 1999; Mattoon, 1993, p. 12). While strategies continued to emphasize economic growth, greater attention was placed on enhancing productivity and global market share. Policies and programs were conceived to grow existing industries and the local talent pool while simultaneously advancing innovation and entrepreneurship, reflective of government’s subscription to market mechanisms as the most effective approach to wealth creation. During this time, the size of incentive packages also ran rampant as regions engaged in fierce public bidding wars, particularly for manufacturers (Malizia & Feser, 1999).²

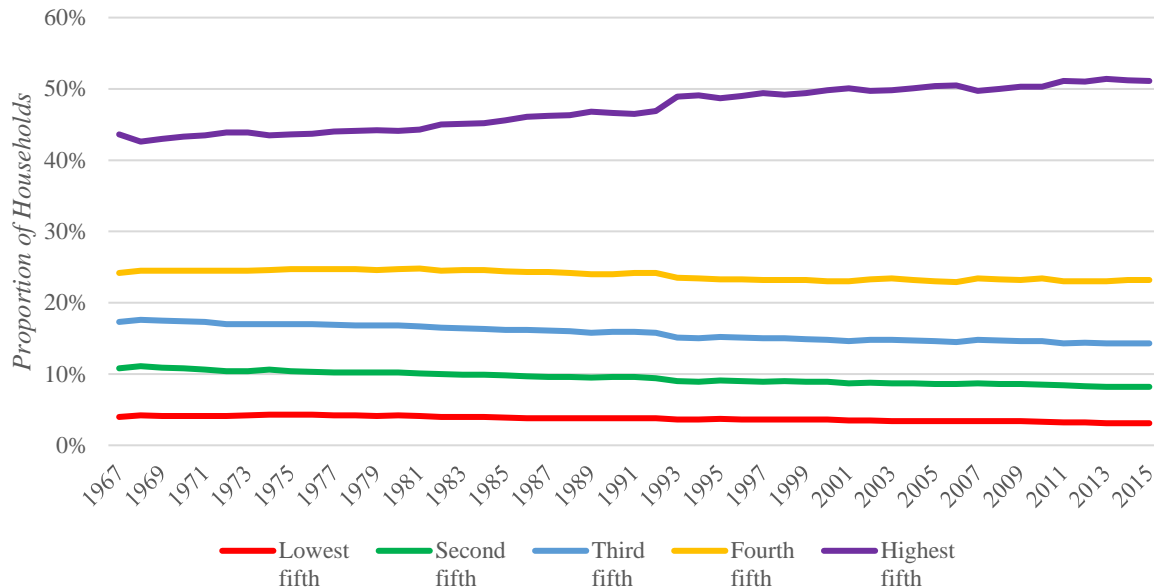
But the capacity-driven strategies characteristic of the 1980s failed to achieve extensive economic growth, giving rise to a new wave of development policy in the 1990s distinguished by customer-driven program design, public-private partnerships, and cross-agency collaboration (1993, p. 12). This approach to economic development questions the traditional purview and capitalizes on a broader understanding of the regional economy; fundamental to this paradigm is the reinforcement of both a region’s physical (i.e., road and rail networks, utilities) and social infrastructure (e.g., affordable housing, good jobs, quality schools), which are inherently interconnected and contribute to the economic health of an area (Mattoon, 1993).

¹ In an April 1963 statement to the House Banking and Currency Committee, William Schnitzler, Secretary-Treasurer of the American Federation of Labor and Congress of Industrial Organization, applauded the Area Redevelopment Administration for its committed revitalization efforts, despite unspectacular results (notably menial job growth) since its inception. Schnitzler describes redevelopment as “a slow and painstaking” process demanding time, investment, and attention and where “no overnight miracles are expected” because of the inherent wicked, or malignant, nature of the problem: economic inequality (“Papers of John F. Kennedy - White House Staff Files of Lee C. White,” 1963).

² Gorin recounts the exponential growth of subsidy packages beginning in the 1980s. At the beginning of the decade, Tennessee awarded Nissan \$33 million for opening a new manufacturing plant. By the early 1990s, packages were valued at hundreds of millions of dollars; Mercedes-Benz received an estimated \$258 million in 1993 to locate a plant in Alabama. Incentives continue to be distributed in the name of economic development today (Gorin, 2007). The State of New York awarded the largest subsidy package (referred to as a megadeal) in American history to aluminum manufacturer Alcoa in 2007, valued at an estimated \$5.6 billion (Mattera, Tarczynska, & LeRoy, 2013).

Beginning in the 1990s, significant statistical evidence also surfaced revealing stark inequities in the national income distribution and the decline of the middle class (Figure 2) (Walzer, 1996).³

Figure 2: Historical Distribution of Aggregate Household Income by Quintile in the United States (1967 to 1990)



Source: United States Census Bureau, 2015a, Table H-02.

From 1967 to 1990, top earners gained a greater share of aggregate household income in the United States compared to all other income groups. And top earners have since gained an even greater proportion of aggregate household income, further widening the income gap.

But while distributional issues caught the eyes of academics, practitioners continued to fill the role of salesperson – and many still do, largely because of a mismatch between economic development goals and tactics long-fueled by an insufficient definition exclusively emphasizing wealth and job creation along with an enlarged tax base (Leigh & Blakely, 2013, p. 71).⁴ Malizia and Feser substantiate this claim, attesting that while “promoting economic growth and development for the entire community is the preferred objective; increasing competitiveness remains the preferred strategy” in local economic development practice (Malizia & Feser, 1999, p. 6). Yet this strategy will not spur economic success indefinitely. Evidence continues to show that prolonged economic success hinges on a redefined approach to local economic development practice.

³ See Leigh (1994) for a thorough analysis on the decline of the American middle class from 1967 to 1987.

⁴ In 1996, Walzer named “equity” as one of ten emerging principles in economic development, advocating for strategies that target the most economically disadvantaged areas and aim to advance their residents’ productive capacity (152-153). Yet according to Walzer, economic development practitioners have questioned their role in promoting equity, “wary of just how much they can contribute in this area” (153).

Threats to Economic Success

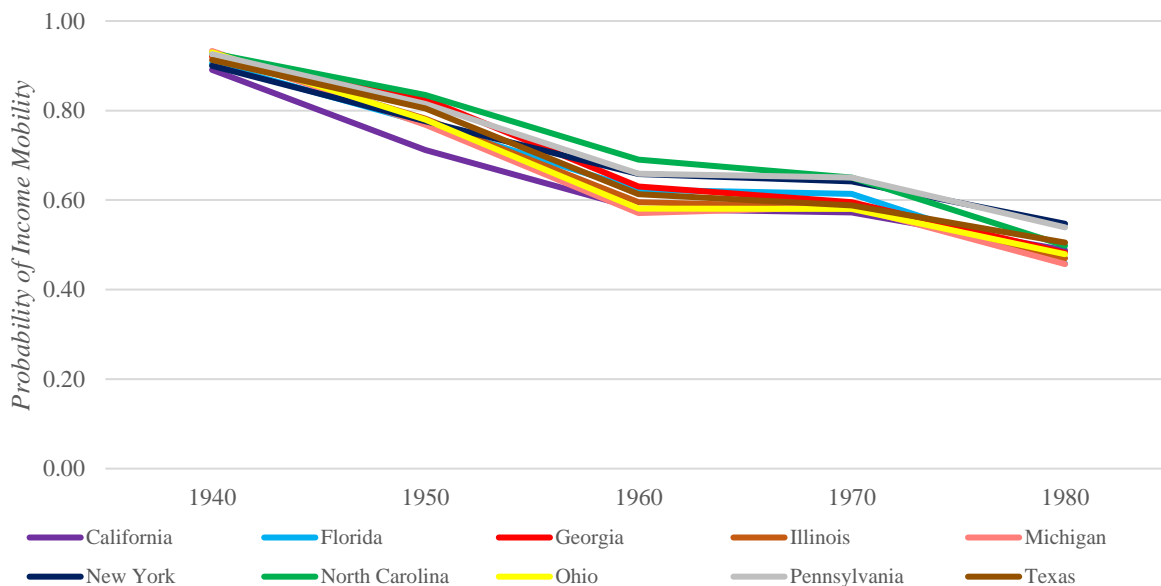
Mounting threats to long-term sustainable growth, including depressed intergenerational mobility, systemic poverty, worsening income inequality, and growing underemployment coupled with a widening skills gap, further cement equity as an essential tenant of successful economic development practice in the twenty first century (Anderson, 2016).

Depressed Intergenerational Mobility

Horatio Alger popularized the ‘rags to riches’ philosophy in the late nineteenth century, publishing hundreds of books chronicling fictional success stories of young men who escaped poverty and achieved immense wealth and success as a result of hard work, good character, and perseverance (McGlinn, 2004). The American people quickly took hold to this doctrine, which continues to permeate the national rhetoric, although its legitimacy has been questioned in recent years as intergenerational mobility is further depressed and the revered American Dream is reserved for a narrowing proportion of the population (Sorkin & Thee-Brenan, 2014).⁵

Whereas children born in 1940 had a 92 percent chance of making more money than their parents, only half of children born in 1980 did (Figure 3).⁶ And the results fare worst for the middle class, although mobility rates have declined across the entire income distribution (Chetty, Grusky, Hell, Hendren, & Narang, 2016; Leonhardt, 2016).

Figure 3: Trends in Absolute Income Mobility among the 10 Most Populous States (1940 to 1980)



Source: Chetty et al., 2016

Note: Data is reported by state for child birth cohorts by decade from 1940 to 1980. Data is listed for the 10 most populous states.

⁵ A December 2014 survey conducted by *The New York Times* found that only 64 percent of Americans believe that the American Dream is within reach, the lowest reported percentage in two decades. Its attainment is especially dismal for children born into families at the bottom of the income distribution (Sorkin & Thee-Brenan, 2014).

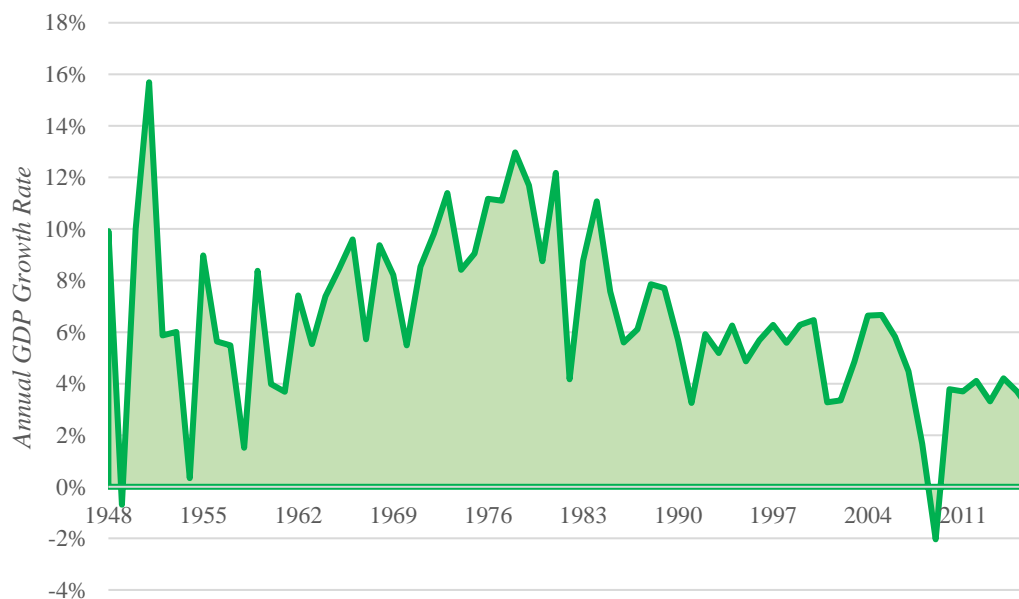
⁶ The stark contrast between mobility levels may be attributed to the baseline year of 1940, which gripped the end of the Great Depression and beginning of World War II.

Income mobility, measured by Chetty et. al as the probability that a child earns more than his or her parents between ages 25 to 35, is much lower today than it was a few decades ago. On average, absolute income mobility fell by more than 40 percentage points in each state from 1940 to 1980. Yet several states fared much worse; income mobility in Michigan, for example, fell by approximately 47.6 percentage points over the same period.

Chetty et. al credit two macroeconomic trends for this sharp reduction in income mobility over the past half century: eroded Gross Domestic Product (GDP) growth rates and a more pronounced unevenness in the distribution of growth, although the latter is found to pose more significant impacts (Figure 4) (2016). As such, Chetty et. al advocate for broad-based economic growth in an attempt to “revive the ‘American Dream’” (2016, p. 20).

Furthermore, Mitnik and Grusky evaluate economic mobility as a function of the intergenerational elasticity (IGE) statistic, which quantifies the percent increase in income a child can expect to earn given every percent increase in the income of his or her parents, using tax data collected by the Internal Revenue Service (IRS). Children benefit from approximately half of parental income advantages in adulthood. The persistence of advantage is amplified for children, especially males, with parents in the upper tier of the income distribution; in fact, children raised in well-off families (90th percentile) are expected to earn an income three times that of children raised in poor families (10th percentile) (Mitnik & Grusky, 2015).

Figure 4: Historical Annual Growth Rate of GDP in the United States (1948 to 2016)



Source: U.S. Bureau of Economic Analysis, 2017

Note: Annual GDP growth rates are seasonally adjusted by the Bureau of Economic Analysis.

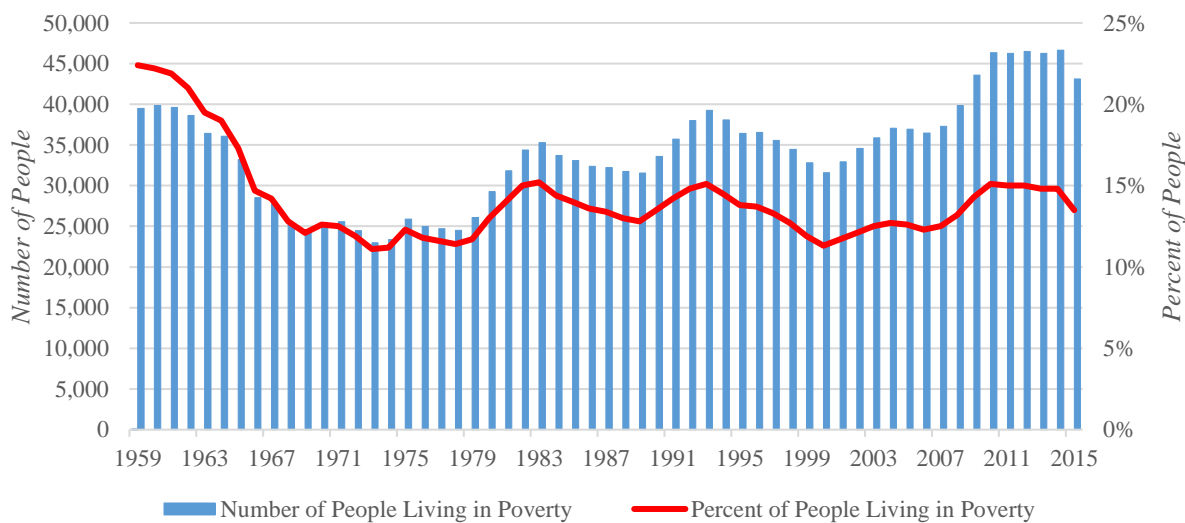
According to the World Bank, the United States has the largest economy in the world, valued at more than \$18.0 trillion as of April 2017. But the global superpower’s economy is not growing as fast as it did in previous years. Whereas the United States’ annual GDP growth rate averaged 10.0 percent in the 1970s, it has hovered around 4.0 percent since the turn of the century.

Higher Poverty Rates

In 1964, President Lyndon B. Johnson declared a national War on Poverty, which became the cornerstone of his domestic policy agenda.⁷ Substantial headway was made following nearly a decade of concentrated efforts, and by 1973, the national poverty rate dropped from 19 to 11 percent. But progress soon stalled due to bouts of high unemployment, inflation, and economic downturn, leading President Reagan to famously proclaim, “My friends, some years ago the federal government declared war on poverty – and poverty won” (Iceland, 2013).

Poverty remains a critical issue in the United States. More Americans live in poverty today than a decade ago. According to the Census Bureau, approximately 43.1 million Americans live in poverty, accounting for 13.5 percent of the population; another 105 million live near poverty, with incomes marginally above the poverty line (Figure 5). Poverty rates are significantly higher among minorities. An estimated 24.1 percent of African Americans and 21.4 percent of Hispanics live in poverty compared to 9.0 percent of whites. Women are also roughly 1.2 times more likely to live in poverty than men (Proctor, Jessica L. Semega, & Melissa A. Kollar, 2016).

Figure 5: Poverty Status of People in the United States (1959 to 2015)



Source: United States Census Bureau, 2015b, Table 2

Poverty continues to plague an increasing number of Americans. In 2000, approximately 31,580 people lived in poverty compared to an estimated 46,270 following the Great Recession. But recent research shows that social safety-net programs have “helped keep poverty at bay” (Goldfarb, 2013, p. 1; Wilmer, Fox, Garfinkel, Kaushal, & Waldfogel, 2013).

Higher poverty levels pose significant economic consequences and are also linked to other social problems, including reduced access to healthcare, healthy foods, and quality schools

⁷ President Johnson envisioned an America ridden of poverty, inequality, and racial justice; he launched a progressive social agenda referred to as the Great Society in his 1964 State of the Union address. In just five years, over 200 pieces of legislation were passed - including food stamps, Medicare and Medicaid, and urban renewal programs, among others - in an effort to improve the lives of everyday Americans (Tumulty & Kennedy Elliott, 2014).

(Rowlingson, 2011). In Fiscal Year 2015, poverty alleviation programs (e.g., Medicare, Supplemental Nutrition Assistance Program, Earned Income Tax Credit) accounted for a significant chunk of the federal government's total expenditures of \$3.7 trillion; these dollars can be redirected to other areas for public investment, including schools and physical infrastructure, if poverty is reduced ("Supplemental Nutrition Assistance Program (SNAP)," 2017, "The Federal Budget in 2015," 2016).

Restoring the purchasing power of individuals at the bottom of the income distribution can also lead to a more vibrant economy. Iceland explains that lowering poverty enables new spenders to enter the market and consume goods and services, in turn enhancing an area's growth trajectory and local residents' standard of living (2013). In fact, at the turn of the century, the Department of Commerce estimated that if income disparities were to be completely eliminated, minority purchasing power would increase by approximately \$1.8 trillion, or 41.9 percent (U.S. Department of Commerce, 2000, p. 3).

Worsening Income Inequality

The income distribution in the United States is changing. After decades of worsening income inequality, the country's richest households have dramatically higher incomes than its poorest households; and the middle class – after four decades as the economic majority – continues to shrink .⁸

From 2009 to 2013, the top 1 percent of earners took home more than 85 percent of total income growth in the United States, and in 15 states (predominantly those along the eastern seaboard) income growth was even more lopsided, with the top 1 percent of earners taking home all income growth according to a recent study published by the Economic Policy Institute. In Georgia, for example, the income of the top 1 percent grew by 12.3 percent whereas the incomes of the bottom 99 percent fell by 2.7 percent (Sommeiller, Price, & Wazeter, 2016).

But this trend precedes the Great Recession, dating back to the late 1970s. From 1979 to 2007, the top 1 percent of earners captured nearly 54 percent of total income growth, despite the documented equality that prevailed in the five decades following the Great Depression as a result of rising wages, low unemployment (with the 1930s being an exception), and sweeping unionization in the private sector (Sommeiller et al., 2016). This era of equality has since been replaced with the "1 percent economy" (Sommeiller et al., 2016, p. 31). Today, the federal minimum wage of \$7.25 purchases fewer goods and services than it did a half-century ago (Cooper, 2015); unemployment rates remain above the national average for African Americans and Latinos (Bureau of Labor Statistics, 2017a); and the national unionization rate remains at a historic low⁹ (Bureau of Labor Statistics, 2017b; Mayer, 2004).

Recently, movements and protests have highlighted the "various dimensions of inequality" (Anderson, 2016, p. 10). The Baltimore and Ferguson riots called attention to the connection

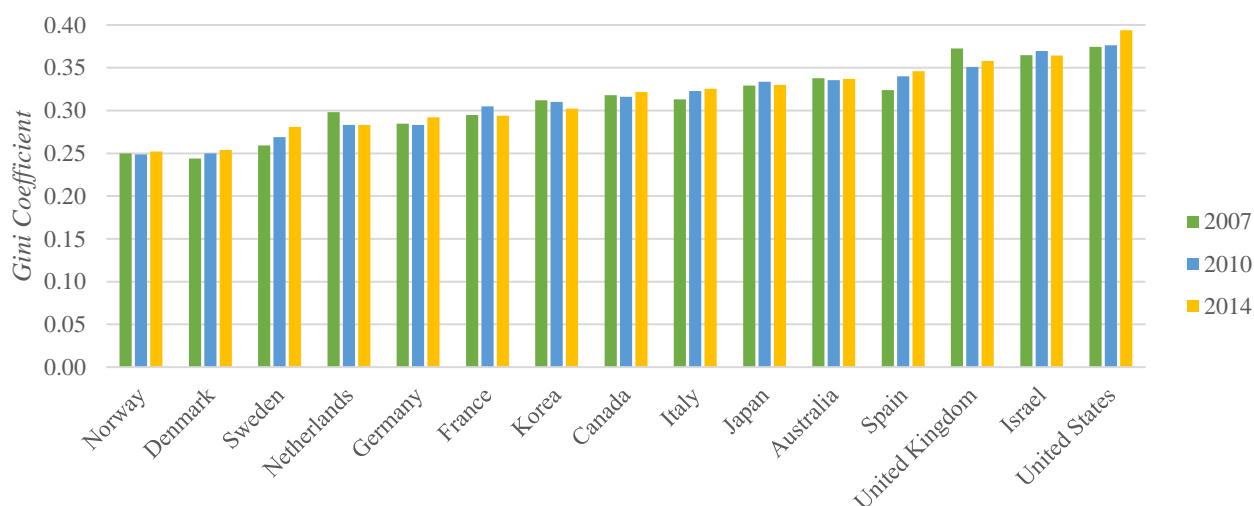
⁸ From 1993 to 2015, income inequality increased by 5.5 percent based on figures published by the Census Bureau. The Census Bureau measures inequality using the Gini Coefficient, a commonly accepted statistic (Proctor, Jessica L. Semega, & Melissa A. Kollar, 2016).

⁹ According to Cooper, the real value of the federal minimum wage is roughly 24 percent below its peak value in 1968. Unionization peaked in the mid-1950s and is currently half of its 1983 value (2015).

between police brutality and economic opportunity (Joseph, 2016); the rhetoric of the 2016 Presidential Campaign emphasized the forgotten middle class (Lauter, 2015); and worldwide activist movements like Black Lives Matter and The Women's March have mobilized millions of people to speak out against inequality and to speak up for justice, respect, and expanded opportunity for marginalized groups (Hackman, 2014).

Moreover, the Organization for Economic Cooperation and Development finds that income inequality poses a statistically significant adverse impact on growth. The evidence reveals that this trajectory is largely due to diminished human capital accumulation, which erodes the opportunities of education and upward mobility for disadvantaged individuals (Organization for Economic Cooperation and Development, 2014, p. 3). Hence, economies suffer from lagging productivity as well as lost economic activity. It is estimated that the United States could increase Gross Domestic Product (GDP) by nearly 1 percent if inequality declined to the lower level observed in Canada (Organization for Economic Cooperation and Development, 2015). Lynch explains that the rapid and broadly shared growth pattern that followed the Second World War must be restored in order to place the United States on a trajectory towards more equitable growth (Figure 6) (2015).

Figure 6: Gini Coefficient of Disposable Income Inequality by Country



Source: Organization for Economic Cooperation and Development, 2016, Table 1

Note: The Gini Coefficient, a standard measure of income inequality, is shown for select developed countries.

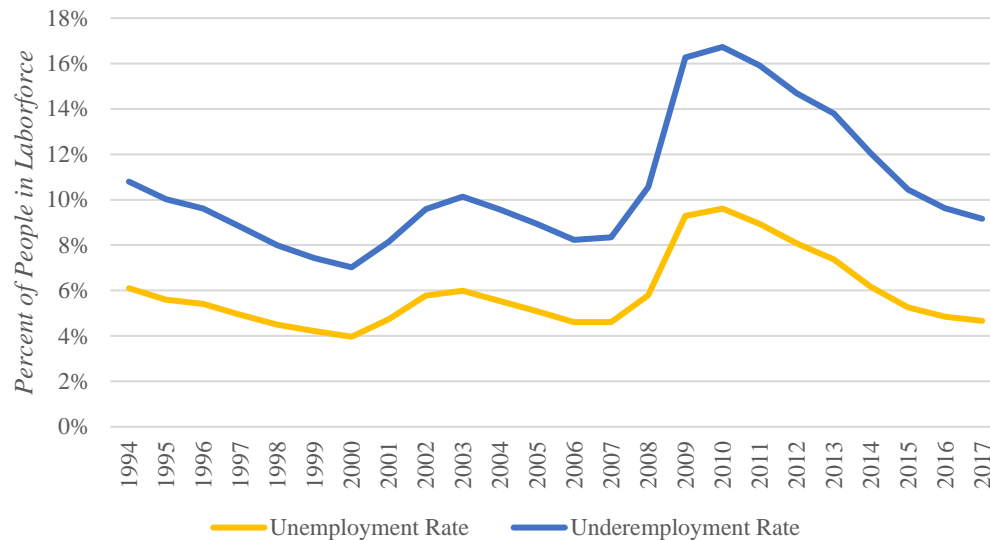
Despite its strong economic performance, the United States traditionally scores at the bottom for economic equality among developed nations. And it is growing more unequal based on data released in November 2016 by the Organization for Economic Cooperation and Development.

Growing Underemployment and Widening Skills-Gap

Today's unemployment rate is at its pre-recession level (4.5 percent); yet the real figure is estimated to be much higher. According to the Bureau of Labor Statistics, national

underemployment stands at 8.9 percent, meaning that a significant fraction of the labor force is without adequate full-time work (Figure 7) (2017).¹⁰

Figure 7: Historical Annual Unemployment Rates versus Underemployment Rate (1994 to 2017)



Source: Bureau of Labor Statistics, 2017

Note: The 2017 data value represents the average rate for the months of January, February, and March.

Unemployment and underemployment are positively correlated, typically following a similar trajectory; that is, when unemployment falls, underemployment is also expected to fall, creating a trickle-down effect. As more jobs are created, underemployed workers can climb the job ladder, assuming higher-skilled positions and opening positions for unemployed lower-skilled workers (Barnichon & Zylberberg, 2014).

Barnichon and Zylberberg explain that underemployment, which is a sign of slack in the labor market, increases inequality by redistributing risk from higher- to lower-skilled workers. Whereas the volatility of income for higher-skilled workers decreases by approximately 20 percent in times of high underemployment, lower-skilled workers experience an upward tick in volatility valued at roughly 15 percent. Underemployed workers can also expect to earn an estimated 30 to 40 percent less than peer non-underemployed workers (2014).

Furthermore, since the Great Recession, worker shortages have particularly hurt the agriculture, health care, and skilled-trade sectors, a deficiency largely attributed to an aging workforce, demographic and geographic differentials, technological advancements, and a widening skills gap (West, 2013, p. 2). Carnevele, Smith, and Strohl estimate that approximately 65 percent of jobs nationwide will require postsecondary education or training by 2020, which could potentially translate into 20 million vacant jobs by the end of this decade if the existing education to employment system is not completely overhauled (2013).

¹⁰ National underemployment (when a high-skilled worker works in a low-paying or lower-skilled position) is measured by the U-6 rate and includes (1) the total number of unemployed persons and (2) the total number of persons marginally attached to the labor force plus (3) the total persons employed part-time for economic reasons.

As natural population growth slows, the talent pipeline may be further depressed. While a high rate of in-migration has bolstered many regions' performance in recent years,¹¹ long-term economic growth prospects may be threatened as migration rates slow nationally, confirmed in a recent white paper published by the Federal Reserve Board of Governors (Molloy, Smith, & Wozniak, 2014; Moody's Analytics, 2016). Historically, cities have historically invested significant time, energy, and financial resources to entice top talent to their areas – often at the expense of a widening educational attainment gap. But in order to secure long-term economic competitiveness, regions must pursue a more balanced growth approach emphasizing regional educational attainment (Berube & Holmes, 2016). Otherwise, unemployment and underemployment will likely continue to retard economic growth and gains in productivity at both the local and national levels.

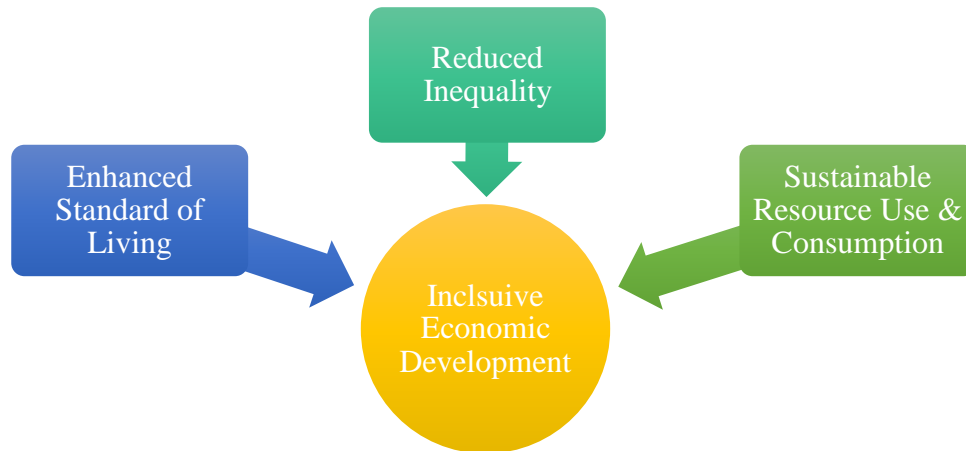
Implications for Local Economic Development Planning

Historically, the local economic development practitioner has functioned as a salesperson, responsible for selling his or her community and its industrial sites by enticing firms through strategic promotional and recruitment efforts in order to deliver job payroll and capital investment gains. But the job description of the local economic development practitioner must be updated to reflect the contemporary economic development landscape, which demands a more comprehensive skill set rooted in equity-based analysis and creative problem solving (Leigh & Blakely, 2013). The local economic developer can no longer *just* be an industrial recruiter or endorse the “shoot anything that flies; claim anything that falls” mentality (Rubin, 1988); practitioners must be charged with assessing *who* is benefiting from added jobs and capital investment – especially in the midst of depressed intergenerational mobility, systemic poverty, worsening income inequality, and growing underemployment coupled with a widening skills gap, all of which not only harm individuals' quality of life but the health of the local economy as well (Anderson, 2016, p. 7–8).

Economic development organizations must also purposefully reevaluate their missions so that equity-driven investments actually infiltrate practice and “deliver continuous growth, prosperity, and inclusion” in regions (Liu, 2016, p. 2). Rather than measuring economic development as a function of growth-based targets like jobs and capital investment, economic development organizations should adopt an ends-centered approach that seeks to lift the standard of living for all while simultaneously reducing inequality and promoting sustainable resource consumption through a combination of human and physical development initiatives (Figure 8) (Leigh & Blakely, 2013, pp. 72–73). Not doing so will continue to negatively impact citizens' quality of life and the overall health of the economy (Anderson, 2016).

¹¹ A recent study found that working-age adults born in their state of residence are less likely to have earned a college degree compared to those living outside their state of birth (Berube & Holmes, 2016).

Figure 8: A Model for Inclusive Economic Development



Economic development is often inaccurately equated with economic growth, spurring inequitable distributional and environmental impacts worsened by ineffective economic development leadership. In response, Leigh and Blakely outline a three-pronged model for ‘inclusive’ economic development (2013).

Enhanced Standard of Living

A rising standard of living refers to the creation of jobs that compensate workers with a living wage. Glasmier calculates the living wage as the minimum hourly earnings a worker must receive in order to meet basic needs (i.e., clothing, food, personal care) while simultaneously maintaining self-sufficiency in a specified geographic area (2017). A rising standard of living is also synonymous with enriched access to higher quality goods and services, including housing and healthcare, as well as the ability to save for retirement and access higher-education or vocational training programs (Leigh & Blakely, 2013).

Reduced Inequality

An equitable approach to development seeks to fairly distribute benefits resulting from regional economic activity in order to ensure no one group or place is left behind; economic development also reduces inequality between demographic (e.g., race, age) and spatially distinct groups (e.g., native population versus in-migrants, cities versus suburbs) (Leigh & Blakely, 2013).

Sustainable Resource Consumption and Production

A sustainable approach to economic development aims to do more with less through coordinated efforts such as brownfield redevelopment, industrial and office property reuse, industrial retention, and commercial revitalization. Sustainable-driven development also demands that practitioners (especially those in poor and minority communities) look past “quick or desperate economic growth fixes” in order to secure lasting future success (Fitzgerald & Leigh, 2002, p. 31–33).

Why an Equity-Centered Growth Approach Matters

A number of ethical and moral philosophies theorize the role of equality and justice in society, dating back to Ancient Greece. Plato considered justice as a necessary virtue for rational order; Aristotle similarly believed justice hinged on equitable distributions (Pomerleau, n.d.). And John

Rawls, the father of liberal philosophy painted “justice as fairness” and advocated for opportunity-shaping social structures to be equally distributed so that the least advantaged members of society are lifted up first (Pomerleau, n.d.).¹²

Aside from moral arguments prompting broadened equality of opportunity, there also exists a compelling business case. Foundational business and economic principles speculate an inherent trade-off between efficiency and equity. However, empirical evidence demonstrates that economic exclusion damages regions’ economic performance, and many regional leaders are taking note of the market opportunities and social benefits of investing in historically underserved neighborhoods (Pastor, 2007). Thus, as the connection between economic growth and social inclusion is challenged, regional leaders must fervently uphold their belief in the double bottom line: the “idea that there are opportunities to make both money and social progress” (Pastor, 2007, p. 402).

Scarpetta cites two theories linking economic growth and inequality. Whereas the traditional theory posits that some level of inequality is necessary to incentivize innovation and entrepreneurship along with risk-taking and investment,¹³ the alternative theory focuses on the “missing opportunities” and dampened growth that accompany high inequality (Boushey, 2016).

The former theory, however, tends to only benefit those individuals in the top-tier of the income distribution. Based on this theory, the rich have a lower propensity to consume goods and services, in turn stimulating capital accumulation (Boushey, 2016; Lazear & Sherwin, 1979; Organization for Economic Cooperation and Development, 2015); yet this often does not happen at scale. The latter theory on the other hand is supported by an extensive body of empirical evidence illustrating a sizable negative association between economic exclusion and economic growth. Regions with higher levels of inequality suffer, on average, from slower GDP growth rates per capita and are also less resilient to macroeconomic trends (Organization for Economic Cooperation and Development, 2015, p. 68). Moreover, the International Economic Development Council summarizes six ways inequality impedes competitive economic growth, including: lost economic output and earnings, ongoing costs of social problems, costs of poverty alleviation, weakened private sector competitiveness, reduced consumption, and civil unrest and risks to social order (Anderson, 2016).¹⁴

Furthermore, at an individual level, economic exclusion may also limit members of society from accessing basic opportunities, such as education, healthcare, nutrition, quality employment, or political influence, which in turn impact outcomes. The concepts of equal opportunity and social mobility are violated when “socially-determined exogenous factors” (e.g., race, gender, ethnicity, income, geographical location) influence an individual’s achievements or outcomes (Barros,

¹² According to Rawls, by engaging society in a thought experiment in which individuals are subject to a ‘veil of ignorance,’ the principles necessary to further fairness and justice will automatically emerge.¹² Rawls also developed the most well-recognized conception of ‘fair equality of opportunity,’ the idea that individuals have fair access to social positions, which should be awarded on the basis of talent and merit, not social class or background (Pomerleau, n.d.).

¹³ Greater inequality may also be reduced if the voting citizenry insists on higher taxation, an increase in entitlement spending, or elimination of pro-business policies (Organization for Economic Cooperation and Development, 2015, p. 61).

¹⁴ See Anderson (2016, pp. 8–10) for a discussion on why economic opportunity matters.

Ferreira, Vega, & Chanduvi, 2008, p. 36). Social policy must therefore advance a combination of recognition (e.g., affirmative action programs) and distributional justice (e.g., minimum wage laws) techniques in order to broaden opportunity (Barros et al., 2008, p. 36–38).

Equity as the key to economic success

An equity centered growth approach has the potential to expand economic growth and opportunity, in turn putting communities on a trajectory for sustained economic success.

In fact, a much different America might exist today had an equity-centered growth approach been pursued. The 2015 Economic Report of the President estimates that if the country had remained at “a high rate of productivity growth (1948 to 1973), maintained the share of income going to the bottom 90 percent (1973 to 2013), and continued to raise female labor-force participation (1948 to 1995),” annual household incomes would be nearly double than they are today, an estimated \$51,000 higher (Furman, 2015, p. 2; Office of the President, 2015, p. 31).

Additionally, the Organization for Economic Cooperation and Development finds that lowering inequality by one Gini-point would increase overall growth by 0.15 percentage points annually for five years, resulting in a cumulative 3 percent gain in GDP over the next 25 years (Organization for Economic Cooperation and Development, 2015, pp. 68–72). The most substantial improvements in economic performance are gained when income disparities at the bottom of the distribution are lessened. In fact, decreasing bottom inequality by 0.5 standard deviation points is shown to increase economic growth by approximately 0.3 percentage points annually over the next 25 years, expanding total GDP by more than seven percent over the period. Reducing the negative consequences of income inequality long-term, however, requires a broader approach targeting the bottom 40 percent of earners rather than only the poorest members of a community (Organization for Economic Cooperation and Development, 2015, p. 70).

How to track equitable economic growth

The effect of inequality on economic growth is often evaluated using a single measure of income inequality, typically the Gini Coefficient, as is described in the 2015 report, “In It Together: Why Less Inequality Benefits All,” published by the Organization for Economic Cooperation and Development (Organization for Economic Cooperation and Development, 2015).¹⁵ The Gini coefficient measures the deviation in the distribution of income from a perfectly equal distribution in society and is reported on a scale of zero (implies absolute equality, where all members of society have the same share of total income) to one (implies absolute inequality, where one person holds all income in society) (Brooks, 2001; “Gini Definition,” 2005).

A single indicator of inequality, however, may conceal the actual level of inequality in an area by reporting an average or deflated value. As Voitchovsky demonstrates, the relationship between inequality and growth typically fluctuates at differing levels of the income distribution (2005); thus, a set of “complementary indicators” is needed to capture a more comprehensive

¹⁵ See Cingano (2014, pp. 37–41) for an extensive comparison of various papers and the primary measure of inequality. Of nearly 20 studies, almost all employ the Gini Coefficient.

understanding of income inequality on a region's economic competitiveness (Organization for Economic Cooperation and Development, 2015, p. 62).

Moreover, DeSilver attacks the use of income as the predominant measure of inequality, explaining that these calculations fail to account for the impact of taxes and transfer payments, which are designed to alleviate inequality, and may also overlook individuals' access to other financial resources (2015). The use of annual income data might also inflate inequality as individuals may be predisposed to "many transitory changes in income" over the course of a calendar year (Fisher, Johnson, & Smeeding, 2013, p. 185). Such poverty spells are often stimulated by job losses and pay cuts but can also be triggered by events such as childbirth, disability status, and changes in household composition (McKernan & Ratcliffe, 2005).

Consumption and wealth are, therefore, regarded as more robust measures of economic inequality. According to Cutler and Katz, the distribution of consumption more accurately reflects the distribution of economic status compared to the distribution of current money income; material welfare is thus held as an important determinant of overall economic well-being (Cutler & Katz, 1991). Consumption activity, which depends on long-term or permanent income, also reveals the degree to which a household is able to minimize economic shocks. Contradictory research, however, exists on the degree of consumption inequality. Fisher et. al find that consumption inequality increased at a more sluggish rate versus income inequality from 1985 to 2010 (Fisher et al., 2013); Dirk and Fabrizio arrived at a similar conclusion (2005). But other studies observe that consumption inequality has in fact mirrored the increase in income inequality since the 1980s (Aguiar & Mark Bils, 2015; Attanasio, Hurst, & Pistaferri, 2015).

DeSilver cites household wealth as another measure of inequality. Some individuals with nominal incomes have access to accumulated family wealth or robust investment portfolios and others with large paychecks may have equally high expenses, such as healthcare bills or tuition (DeSilver, 2015). Although more stable over the long-term, wealth inequality tends to be higher than both income and consumption inequality. Wolff reports that median net worth fell by nearly half during 2007 and 2010, with more than 21 percent of households reporting negative net worth; the racial and ethnic wealth divide also grew substantially during this period, attributed to higher debt-equity ratios. Despite economic recovery efforts, household wealth still has yet to rebound to pre-recession levels, which Wolff associates with significant dissaving and depletion of assets among households (Wolff, 2014). In a 2014 study on household wealth, Fry and Kochhar confirmed that the wealth divide had reached an all-time high;¹⁶ today, America's richest households are worth an estimated 70 times more than the nation's poorest households (2014).

Despite the evidenced importance of narrowing the income, consumption, and wealth gaps, communities are just now beginning to apply these indicators as measures of inclusive growth.

¹⁶ The Federal Reserve began collecting wealth data in the early 1980s with the "Survey of Consumer Finances" ("Survey of Consumer Finances (SCF)," 2017).

The Response of Economic Development Organizations

Yet several regions across the nation have responded with more targeted inclusive economic development strategies aimed at expanding prosperity to all people, especially disadvantaged populations, and boosting balanced spatial growth (Table 1).

Leaders in Minneapolis-St. Paul are doing just this. The competitiveness of the Minneapolis-St. Paul region – like many other areas across the nation – hinges on its ability to attract, retain, and curate a more skilled and inclusive workforce. Growth of the 16-county region has slowed in recent years, and the region faces a brain-drain, especially among professionals of color, as qualified workers continue to relocate to other regions (“Minneapolis-Saint Paul Workforce Dashboard,” 2016). In order to respond to these challenges, a diverse group of community stakeholders from the public, private, and nonprofit sectors coalesced to form the Itasca Project, an “employer-led civic alliance focused on building a thriving economy and improved quality of life” for residents in the 16-county Minneapolis-St. Paul region (“The Itasca Project,” 2017).

The result: a refined definition of economic development that values equity and shared prosperity. Stakeholders outlined strategies focused on advancing regional growth, productivity, and inclusion and also identified more than 50 metrics to guide economic development efforts and to “track the region’s change on critical economic, environmental, and social outcomes” over time. The metrics are the backbone to a new regional dashboard, organized into eight categories¹⁷ that are each linked to defined end-goals. Economy indicators (e.g., percent of jobs that are family sustaining; annual job growth), for example, are intended to inform overall job quality, whereas the livability indicators are to reflect the degree of shared prosperity in the region (e.g., white poverty rate versus minority poverty rate) (“Minneapolis-St. Paul Regional Indicators Dashboard 2015,” 2015).

The Portland region is also dedicated to moving the needle on inequality. The region’s 2020 action-plan prioritizes the efforts of business, educational, and civic leaders around three core strategies – people, business, and place – in an effort to achieve economic prosperity for all. In order to assess the growth trajectory, a comprehensive set of performance metrics have been compiled to gauge the region’s success in satisfying the ambitious objectives outlined in the plan. The metrics are publically available and are also likely to be modified as new challenges arise and the structure of the economy shifts. The plan includes more than 55 metrics organized by the core strategy focus areas: people, business, and place. People-centered strategies, for example, seek to advance technical training, empower diverse groups, narrow the income gap, and eliminate hurdles to quality employment (“The 2020 Vision,” 2015).

Policy organizations have taken a similar interest in not only advancing but measuring access to opportunity and economic inclusiveness.¹⁸ Measure of America, a branch of the Social Science Research Council, created an Opportunity Index, a composite measure comprised of economic, education, and civic indicators. The index, which is available online for every county in the

¹⁷ The eight categories include: economy, business vitality, talent, education, infrastructure, environment, livability, and vital statistics (“Minneapolis-St. Paul Regional Indicators Dashboard 2015,” 2015).

¹⁸ Opportunity, which is influenced by family heritage, personal traits, and community conditions, is defined as an individual’s ability to climb the income ladder. Equity-centered performance metrics seek to enhance community-rooted conditions (Measure of America, 2016).

country, is updated annually (Measure of America, 2016). Additionally, Enterprise Community Partner's Enterprise Opportunity Index looks at neighborhood conditions along five dimensions, including: resident housing stability; housing market conditions; resident economic mobility and inclusion; resident connection to transit, infrastructure, and environment; and resident health and wellness. Although comprehensive in scope, the index is not publically available and may be difficult for communities to replicate ("Enterprise Community Partners," n.d.).

Table 1: Inclusive Economic Development according to Organizations around the World

Organization	Type	Geographic Focus	Definition/Mission
New York City Economic Development Corporation	Local Economic Development Organization	Local; New York City	Dedicated to fostering "inclusive economic development across all five boroughs b helping to lay the foundations of growth, advancing quality jobs across sectors and promoting access to opportunity" (New York City Economic Development Corporation, 2017, p. 1).
Itasca Project	Public-Private Partnership	Regional; Minneapolis-St. Paul	Works to "raise regional economic competitiveness, improve quality of life and expand prosperity for all" ("The Itasca Project," 2017).
Partnership for Southern Equity	Non-Profit/Advocacy Organization	Regional; Southeastern United States	Focused on "increasing equity in the distribution of income, wealth building, employment, and entrepreneurial opportunities for vulnerable populations" (Partnership for Southern Equity, 2016, p. 7).
Brookings Institution	Research and Policy Organization	National	Advocates for policies that "put a regional economy on a trajectory of higher growth (growth) that increases the productivity of firms and workers (prosperity) and raises standards of living for all (inclusion), thus achieving deep prosperity—growth that is robust, shared, and enduring" (Liu, 2016, p. 2).
Aspen Institute	Research and Policy Organization	International	Explains that inclusive economic development has "no official definition, but generally means economic development planning and practice driven by values of equity, transparency, sustainability, and community engagement" (Aspen Institute, 2016, p. 1).
International Economic Development Council	Professional Organization	International	Calls for "community-based strategies that aim to improve economic opportunity for all, with a focus on disadvantaged residents" (Anderson, 2016, p. 10).
World Bank	Financial Institution; Advocacy Organization; Intergovernmental Membership Organization	International	"Inclusive economic growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities" (Ianchovichina & Lundstrom, 2009, p. 14).
Organization for Economic Cooperation & Development	Intergovernmental Membership Organization; Advocacy Organization	International	Advocates for "economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society" ("Inclusive Growth," 2017).

Reactions

While there is an overwhelming body of literature on the consequences of one-sided growth and the importance of connecting equity with economic development efforts, little applied research exists on how regions can monitor their progress. One of the most influential pieces, “Remaking Economic Development: The Markets and Civics of Continued Growth and Prosperity,” was published by The Brookings Institution last year, sparking regional conversations on what an equity-driven growth approach actually looks like in practice.

Liu advises economic development organizations to set “long-term goals that go beyond traditional headline economic indicators” in addition to shorter-term benchmarks that track progress (2016, p. 21). And while indicators can be measured at any point in time, gains in economic development are likely to not be realized quarterly but over multiple years or even decades, further underscoring the value of a comprehensive set of metrics to track outcomes. According to Liu, an inclusive economic development agenda will align performance metrics along three broad dimensions, including: growth (e.g., jobs and earnings), prosperity (e.g., Gross Regional Product), and inclusion (e.g., distribution of employment and educational attainment by varying segments of the population), as is evidenced by the action plans developed in Minneapolis-St. Paul and Portland; key economic drivers, such as innovation, trade, talent, and physical infrastructure, should similarly be tracked because of their influence on these dimensions (Liu, 2016).

Although informative to the regional conversation on inclusivity, these performance dashboards fall short in providing inter-regional comparisons at the micro-level, a necessity if leaders wish to target investments in communities that are hurting the most. And while leaders can discern which dimensions should receive the most attention based on a simple time series comparison of an indicator, equally important questions still remain: *Which communities should receive the most attention? Who benefits from added jobs and capital investment?*

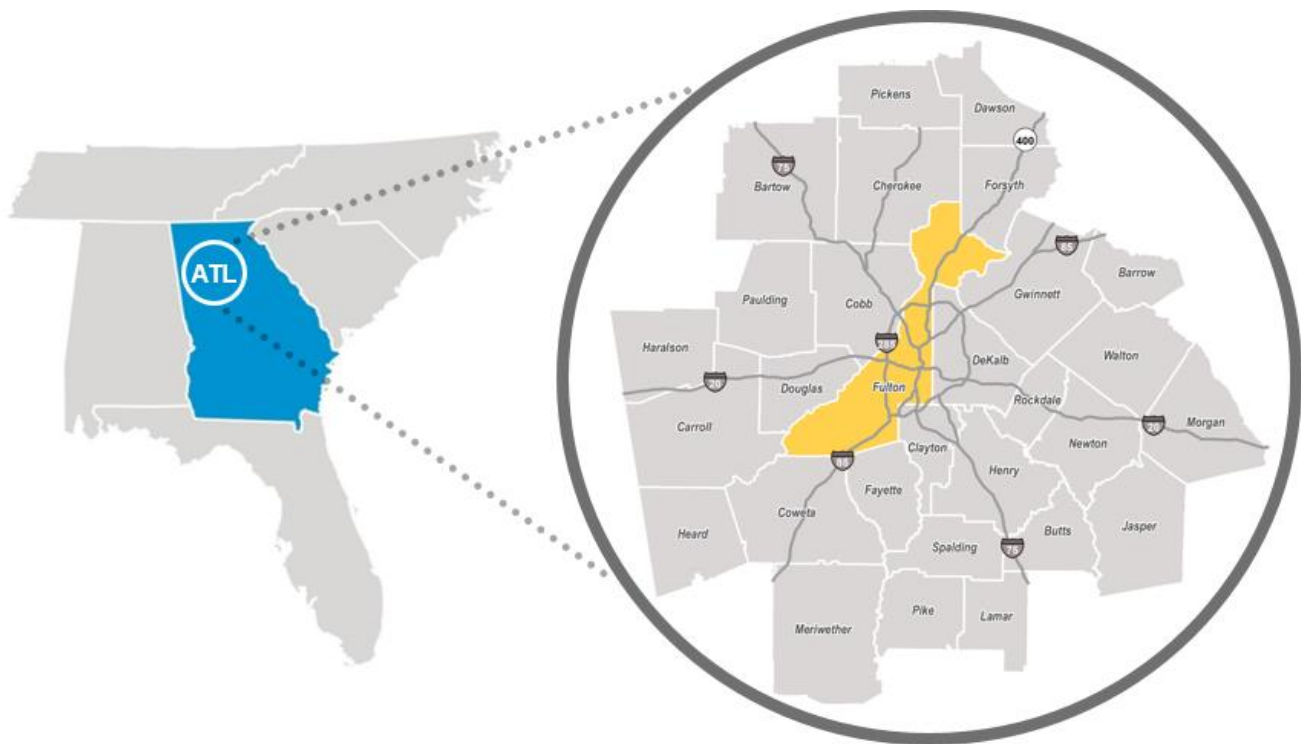
The real potential – at least at the regional level – of an inclusive economic development performance dashboard is felt when you are visually able to compare the differences in, for example, median net worth among two adjacent areas; or when you are able to visually draw associations between failing schools and median household income. Although these dashboards can guide strategic investment decisions, communities must still determine *how* best to affect change and build wealth, going beyond the general consensus for broadened economic opportunity.

Furthermore, this analysis attempts to characterize the traditional economic development conversation in the context of Fulton County to discern how community boosterism can cause economic development practitioners to completely dismiss threats to growth. This analysis also questions how economic development leaders and organizations alike can not only adequately track inclusive growth and identify targeted areas of investment over time (from both a geographical and dimensional perspective) but also retain a thorough understanding of the programmatic tools necessary to pursue authentic economic development.

Study Area

Fulton County boasts strong demographics. Fulton County – situated in north central Georgia at the heart of metropolitan Atlanta – is home to more than one million residents, making it the forty-fifth largest county in the nation and nearly double the size of the State of Wyoming (Map 1). Approximately one-tenth of Georgia’s total population lives in the county, which spans 530 square miles and includes the City of Atlanta, the economic engine of the southeast.¹⁹ Between 1990 and 2016, Fulton County added more than 377,000 new residents, with an average annualized growth rate of 1.72 percent since 1990. The county is expected to experience continued growth in the coming decade, with its population forecasted to exceed 1.36 million by 2030 (ESRI, 2016; Moody’s Analytics, 2017).

Map 1: Fulton County, Georgia, USA



Map by: Sarah Carnes

The United States Office of Management and Budget delineates the geographic boundaries of Metropolitan Statistical Areas (MSAs) based on a set of established standards published by the Census Bureau. These areas traditionally include an agglomeration of adjacent counties anchored by a population center and also share social and economic linkages. The Atlanta region – with Fulton County at its center – is comprised of 29 contiguous counties and is roughly proportional in area to the State of Massachusetts, a testament to the region’s infamous suburban sprawl (Burns, 2014; ESRI, 2016).²⁰

Not only is Fulton County growing by sheer number; the county is also becoming increasingly diverse. Fulton County - more specifically Atlanta - has long been lauded the “black mecca of the southeast,” having produced African-American greats such as Maynard

¹⁹ Approximately 90 percent of the City of Atlanta is in Fulton County with the remaining balance in neighboring DeKalb County.

²⁰ In 2014, Smart Growth America named Atlanta the “most sprawling big city in the United States” (Burns, 2014).

Jackson (1938-2003), Martin Luther King, Jr. (1929-1968), and Andrew Young (1932-). Aside from a significant African American community, there are also budding Hispanic and Asian populations (Garland, 1971). The county's diversity index, which measures the probability that two individuals from the same area are of differing racial or ethnic backgrounds, is 67.1 versus 63.5 nationally; additionally, the Census Bureau estimates that nearly 122,000 of the county's residents are foreign-born. Fulton County residents also remain younger than the state and nation, with a median age of 35.2 compared to 36.2 and 38.0 at the state and national levels, respectively (ESRI, 2016).

Fulton County region offers an unparalleled quality of life: its temperate climate, status as a leading healthcare center, and array of cultural and entertainment amenities - not to mention its low cost of living - are among a few of the selling points credited with attracting innovative companies like Mail Chimp, Microsoft, and Honeywell to the area, who are equally compelled by the larger region's tremendous market potential (Georgia Power Community & Economic Development, 2016).

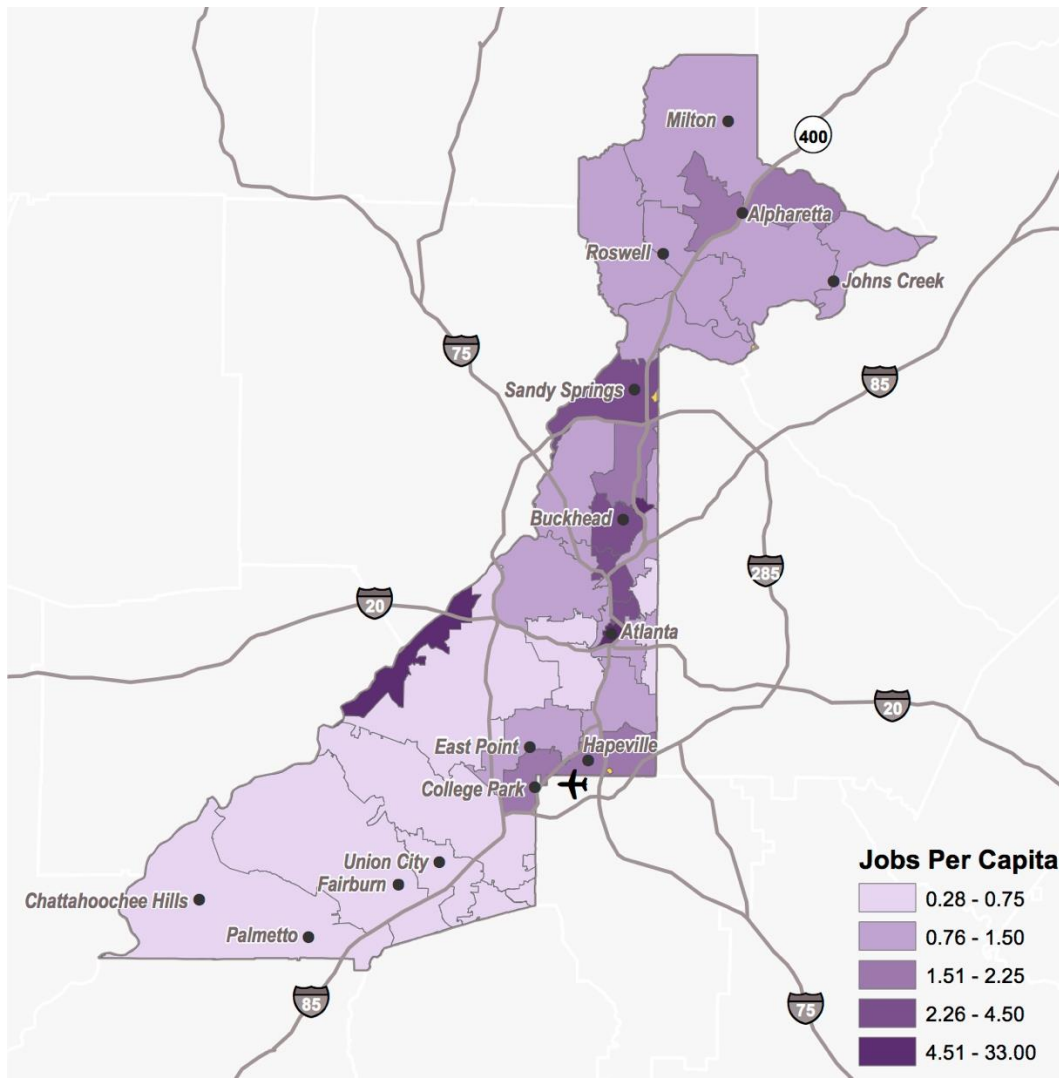
Incomes also support a cosmopolitan lifestyle. Median household income - one of the most frequently cited quality of life indicators - reached \$58,857 in 2016, approximately \$5,000 more than that of the nation; it is projected to exceed \$67,000 by 2021 (ESRI, 2016). Additionally, according to The Council for Community and Economic Research (C2ER), metro Atlanta's cost of living decreased from 99.9 in 2015 to 98.7 in 2016 compared to a national average of 100 (2017).

Fulton County is rich in top-level talent. Approximately half of the population aged 25 or over holds a bachelor's degree or higher and an impressive 91.3 percent have received a high school diploma or higher, surpassing the national average by 19.3 and 4.12 percentage points, respectively. The high concentration of technical schools and nationally-ranked colleges and universities make the county one of the largest in total full-time student enrollment. In fact, the county ranks among the top one percent of counties nationwide for total college completions, estimated at nearly 23,000 as of 2015 (EMSI, 2017).

In addition to the county's world-renowned institutes of higher education, its healthy job growth and thriving economy continue to attract the well-educated, highly-skilled workers that employers desire (Georgia Power Community & Economic Development, 2016). The county's central location coupled with its strong presence of domestic and international headquarter operations proves inviting to a high inflow of non-resident workers. The total number of jobs in the county sums to more than 1.06 million (a figure nearly double that of the county's total resident-workforce of 540,760) and is expected to increase by 10.6 percent over the next decade, more than 1.5 percentage points higher than the projected national occupational growth rate of 9.0 percent (EMSI, 2017; Moody's Analytics, 2017).

Furthermore, the majority of jobs are concentrated in the upper half of the county north of Interstate-20 in the professional, scientific, and technical services, government, and health care and social assistance sectors (Map 2). The highest ranked occupations in the county currently include office and administrative support occupations, sales and related occupations, and business and financial operations occupations (EMSI, 2017).

Map 2: Concentration of Jobs Per Capita by Zip Code



Map by: Sarah Carnes

Fulton County has long been a leader in well-developed transportation networks.²¹ The vibrant metropolis that is Atlanta was initially established as the terminus of the Western and Atlantic Railroad and gained greater prominence during the Civil War as a supply depot and medical center. Today - more than 185 years later - metro Atlanta continues to boast unsurpassed accessibility, connecting the world via air, rail, and an extensive highway system (Georgia Power Community & Economic Development, 2016).

Principal road networks converge in downtown Atlanta and contribute to the region's status as a major transportation and distribution hub. More than three quarters of the nation's industrial, commercial, and consumer markets can be reached within two travel days of Atlanta, which is

²¹ The age old adage claims that after you die - regardless if you are on your way to heaven or hell - you will have to change planes in Atlanta first.

especially beneficial for (and integral to the business operations of) companies, such as package-distribution giant UPS (Georgia Power Community & Economic Development, 2016).

Hartsfield-Jackson Atlanta International Airport remains one of Fulton County's greatest assets, averaging 9,500 weekly flights to 150 nonstop domestic locations. Major markets, including 80 percent of the U.S. population and 119 of the nation's 150 largest metropolitan areas, are within a two-hour flight of Atlanta. The airport continues to rank as the busiest airport in the world, with a record-breaking 100 million air travelers in 2015 (Airports Council International, 2016).

Atlanta's origins as a railroad town continue to be evidenced by its connectivity to rail and intermodal services by notable carriers CSX and Norfolk Southern. Most of the state's intermodal facilities are located within the region, which is nationally recognized for its efficient transition times. The rail network is strengthened by the state's ports, especially the Port of Savannah, which is the fastest-growing port in the nation and handled more than a tenth of total national exports in 2014 (Georgia Department of Transportation, 2015; Georgia Ports Authority, 2017).

Fulton County is a powerful hub for business. The county's annual economic activity is valued at more than \$125.5 billion, contributing more than 40.0 percent to the State of Georgia's total economic output (EMSI, 2017).

For decades, Fulton County has maintained a favorable business environment. Its friendly tax structure and below average operating costs coupled with the widespread availability of incentives make the area an attractive place to do business. The State of Georgia's corporate income tax, based on a single-factor apportionment, is also among the lowest in the nation at 6 percent (Georgia Power Community & Economic Development, 2016). Similarly, the larger region's cost of doing business continuously ranks below the national average. Moody's Economy ranks the metro Atlanta 88 on its Cost of Doing Business index (U.S.=100). Georgia's status as a "Right-to-Work" state also proves enticing to employers (Moody's Analytics, 2017).

Fulton County's economic competitiveness is bolstered by vibrant industry clusters, or agglomerations of related firms, which enhance productivity, drive innovation, and contribute to new business growth (Porter, 1998).²²

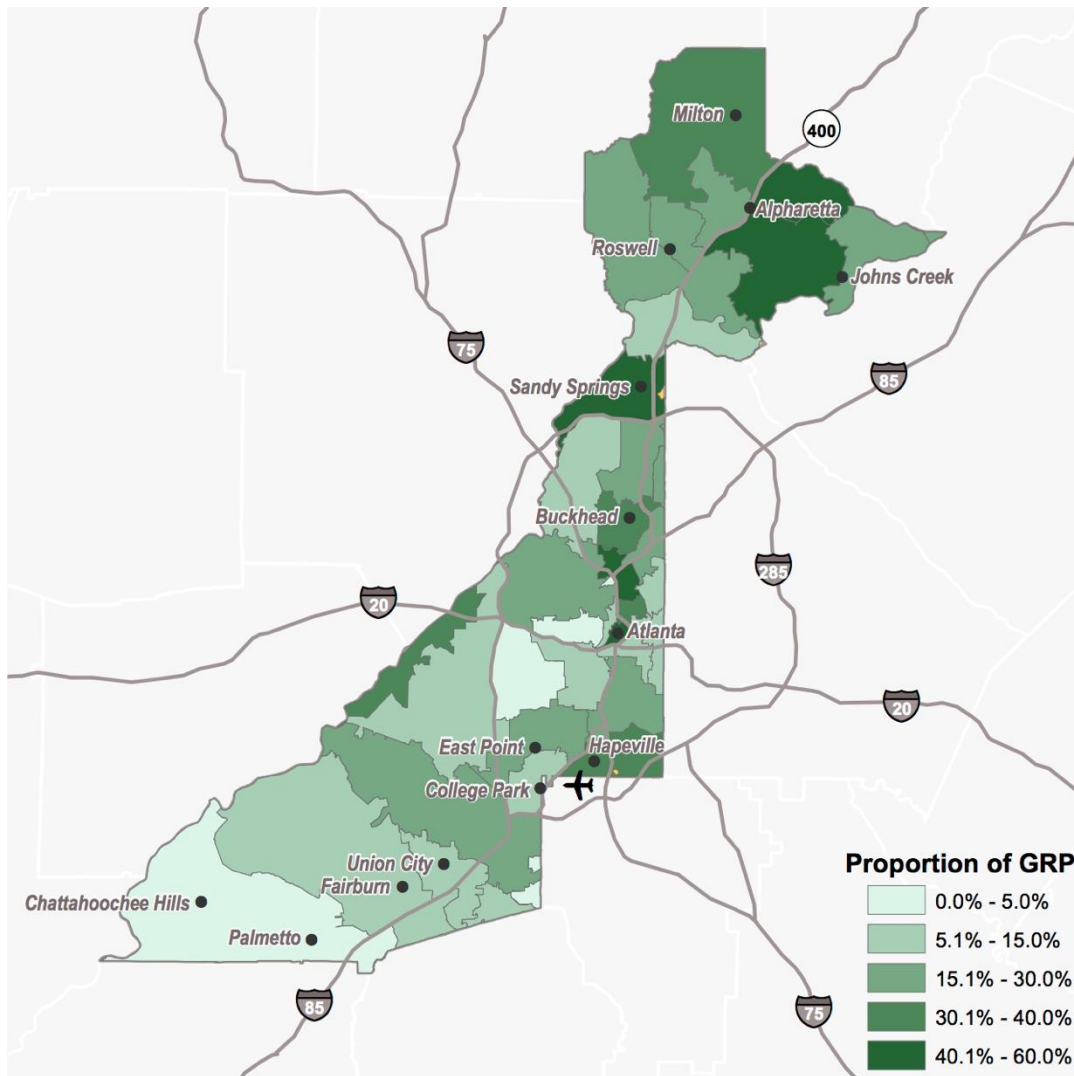
A basic location quotient analysis was performed in order to identify the region's most prominent industry groups. Location quotients measure the sectoral specialization of a region compared to a reference area, typically the nation, by using employment as a proxy for output; a location quotient greater than one insinuates regional specialization (Malizia & Feser, 1999). This analysis specifically considers 21 exclusive industry sectors defined by the North American Industry Classification System (NAICS). Fulton County maintains a location quotient greater than one for approximately 57 percent of the analyzed sectors, with notable competitive advantages in information (2.80), professional, scientific, and technical services (1.81), and management of companies and enterprises (1.71). The region also rates favorably in the real estate and rental and leasing (1.21) sector, which is highly income elastic (or sensitive) and could pose significant

²² Harvard Business School Professor Michael Porter popularized clusters as an effective economic development strategy in the 1990s, arguing that interrelated firms choose to co-locate in order to take advantage of locational assets (e.g., trained workforce, well-developed infrastructure, established supplier networks). Firms engaged in well-developed clusters similarly benefit from enriched economic performance and competitiveness due to knowledge spillovers and collaborative innovation (Porter, 1998).

consequences during an economic downturn, as was demonstrated during the Great Recession (EMSI, 2017).

But Fulton County is certainly not immune to the threats of uneven growth and development, despite its perceived prosperity and competitive job growth (Map 3). Concentrated poverty and limited mobility remain arduous challenges in the area, preventing residents from investing in promising opportunities such as higher education, healthcare, and entrepreneurial activity.

Map 3: Distribution of Economic Activity (Proportion of Gross Regional Product) by Zip Code



Map by: Sarah Carnes

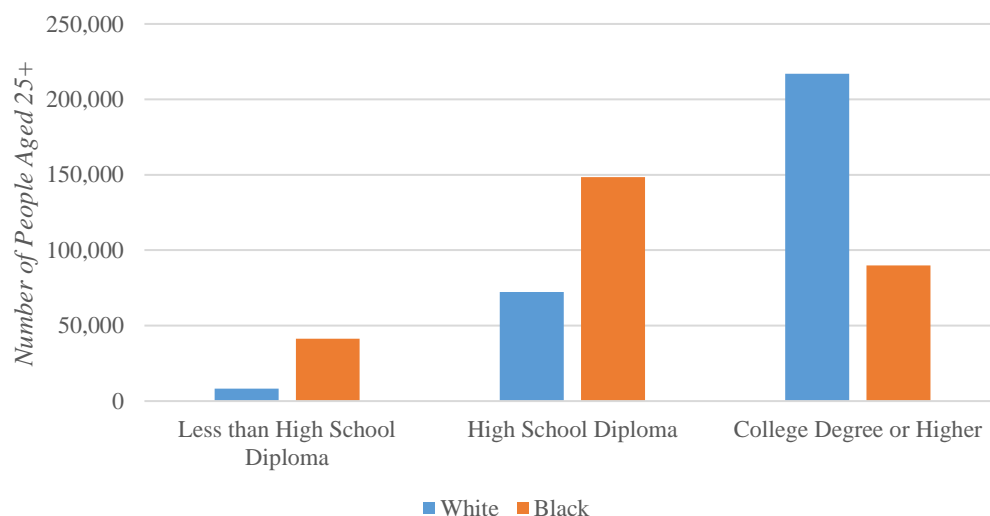
The majority of economic activity is concentrated in North Fulton, specifically in Sandy Springs and Alpharetta along with the central business district.

Top households earn nearly more than 20 times those at the bottom and one in four residents live in poverty (Berube, 2014; Berube & Holmes, 2015; United States Census Bureau, 2016). The gap

between rich and poor, documented as a consistently widening trend over the past several decades, is even more disparate between white and black households (Fry & Kochhar, 2014; “Income growth for families at the 20th, 50th, and 95th percentiles, 1947–2013 | State of Working America,” 2014; Wilson & Rodgers, III, 2016). Shapiro, Meschede, and Osoro document the findings of a national 25-year (1984 to 2009) study on wealth accumulation, reporting that the wealth of white households rose by \$5.19 for every one dollar increase in average income, whereas black households gained a meager 69 cents (2013).

Black poverty is also often accompanied by social and economic challenges, such as drug abuse, teenage pregnancy, low educational attainment, and high unemployment and incarceration rates, in turn creating a “harsh and extremely disadvantaged environment” (Figure 9) (Massey & Denton, 1993, p. 13). Furthermore, Chetty, Hendren, Kline, and Saez report that Atlanta ranks number 49 out of the top 50 commuting zones – ahead only of Charlotte – for intergenerational mobility, which assesses the likelihood that an individual born into a low-income household will ascend into the middle- or upper-classes during adulthood (Map 4) (2014).

Figure 9: Educational Attainment by Race in Fulton County



Source: EMSI, 2017

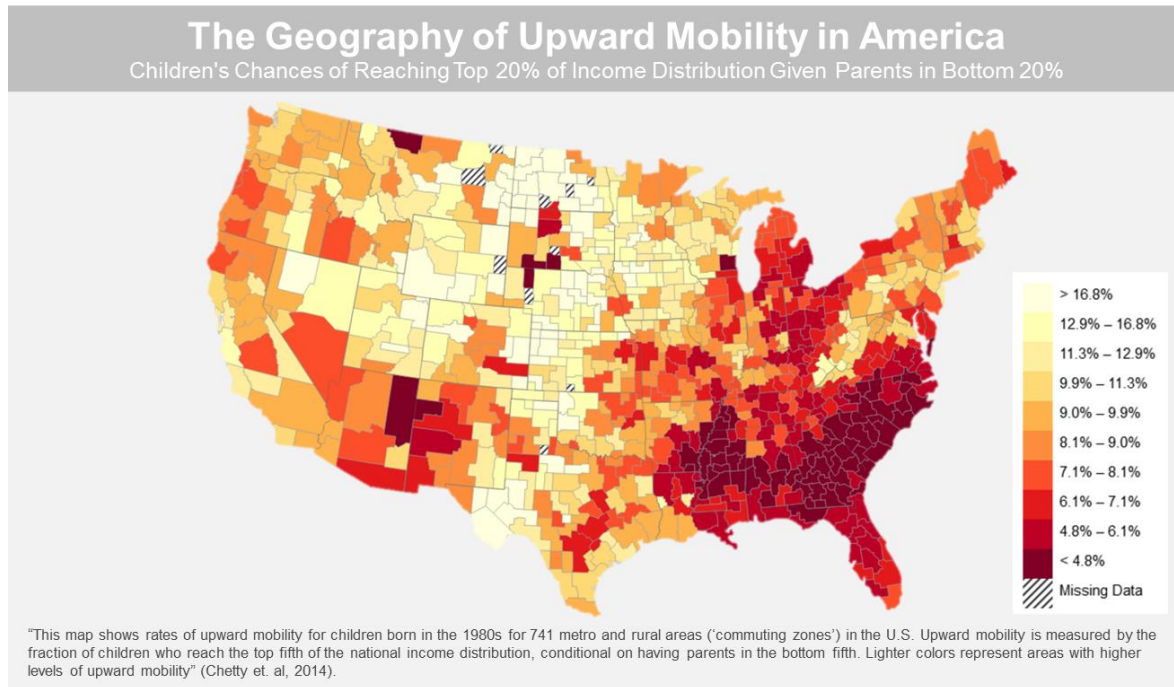
Note: Data reflects highest degree earned.

Differences in educational attainment by race dramatically decreased over the twentieth century, but “remain significant” (Hirschman & Lee, 2005, p. 112). By the end of eighth grade, white students are – on average – three grade levels ahead of their black peers (DeParle, 2012). Teachers’ perception of minority students also impacts educational performance; and according to Ferguson, teachers have lower expectations for black students versus white students (2003). This translates into lower overall educational attainment for minorities, as is evidenced in Fulton County. Nearly 2.5 times more whites hold a college degree compared to blacks, despite a roughly equal population aged 25 plus.

African Americans (30.7%) are also largely underrepresented in the Fulton County job market compared to whites (57.0%), despite a nearly balanced residential population distribution and competitive job growth in recent years (EMSI, 2017) (Figure 10).

Concentrated systemic poverty and inequality in America's inner cities is a byproduct of intentional strategies devised to isolate the black poor from wealthier white neighborhoods, in turn creating two "separate and unequal societies" as first publicized nearly 50 years ago in the Kerner Commission Report (Executive Office of the President of the United States, 1967, p. 26). The influence of race on investments in transportation networks, affordable housing projects, and physical development is especially apparent in the Atlanta context.

Map 4: The Geography of Upward Mobility in America



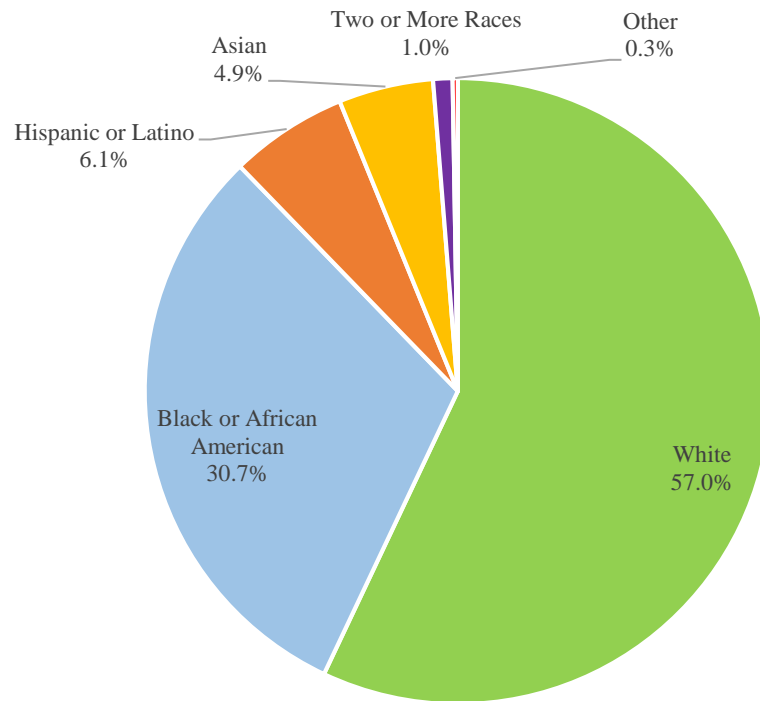
Source: Chetty et al., 2014

When it comes to measures of economic inclusion, Atlanta consistently scores at the bottom. And Atlanta – the perceived growth engine of the Southeast – is at the heart of limited economic mobility in the region.

For example, in *Race and the Shaping of Twentieth Century Atlanta*, historian Ronald Bayor summarizes a 1960 Atlanta Bureau of Planning report explaining that “‘there was an ‘understanding’ that the proposed route of the West Expressway [I-20 West] would be the boundary between the White and Negro communities’” (1996, p. 61). Nearly 60 years later, the interstate continues to sever poor blacks from economic opportunities long-reserved for areas in the north. Additionally, uneven development patterns have fueled disparate economic impacts across the regional landscape, creating two divergent landscapes as prescribed by The Partnership for Southern Equity: “communities of opportunity and communities of neglect,” suggesting zip codes do in fact continue to serve as a proxy for social and economic mobility (Partnership for Southern Equity, 2016, p. 3).

But economic development practitioners tend to gloss over this story of Atlanta when meeting with prospects, instead focusing on the good.

Figure 10: Fulton County Job Distribution by Race and Ethnicity



Source: EMSI, 2017

Jobs are unequally distributed by race in Fulton County. Whites comprise approximately 40.2 percent of Fulton County's population but hold 57.0 percent jobs; blacks, on the other hand, comprise 43.3 percent of the county's population but only hold 30.7 percent jobs, a 12.6 percent differential. A similar trajectory exists for other minorities, although not as extreme.

Areas of Targeted Investment

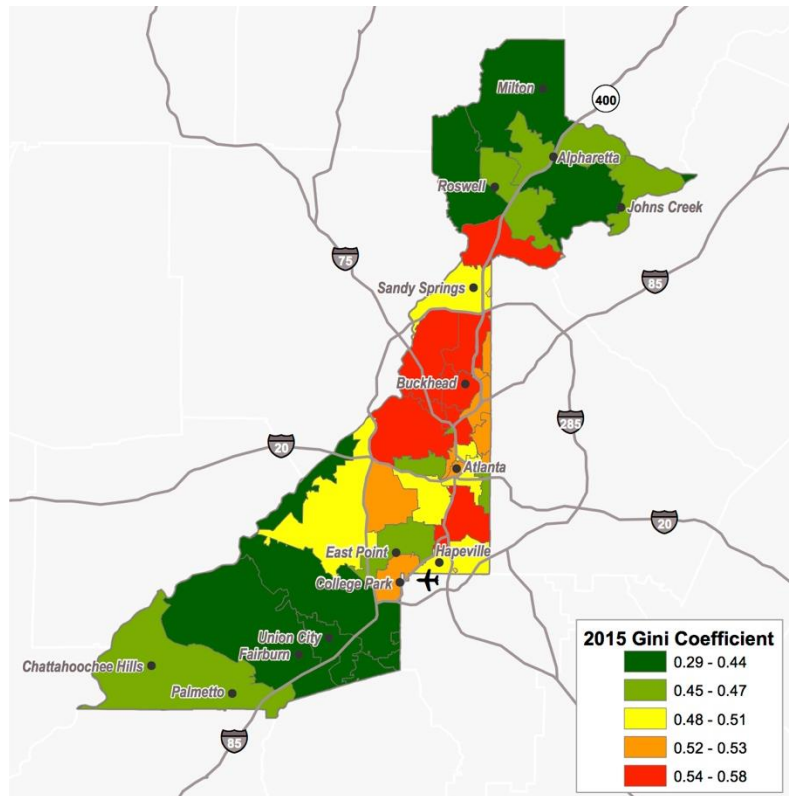
This section attempts to answer two questions in the context of Fulton County:

1. Where should inclusive economic development strategies be implemented?
2. Which dimensions of inclusive economic development should be prioritized?

These questions are not exclusive, however, instead interdependent. Geographic-targeted strategies must be identified subject to certain pre-established dimensional. *For instance, what level of educational attainment is considered unacceptable? Acceptable?* An extensive mapping exercise was completed in order to identify areas which stand to benefit most from a strategy of shared growth and prosperity. The ‘belly’ of Fulton County is in the most need for inclusive economic development, plagued by high unemployment, low educational attainment, nominal household income, and minimal access to social services such as financial institutions and fresh foods. The supporting evidence is shown in the following pages. All data, unless otherwise noted, is from the United States Census Bureau (2015).

A successful equity-driven model for growth and development will vary depending on neighborhood. North Fulton, for example, may not need to focus as much on school quality as it does affordable housing options for service workers and other low-wage workers. College Park, on the other hand, may require an entire repertoire of new policies aimed at creating good jobs for the local residents, improving local schools, and expanding access to public services.

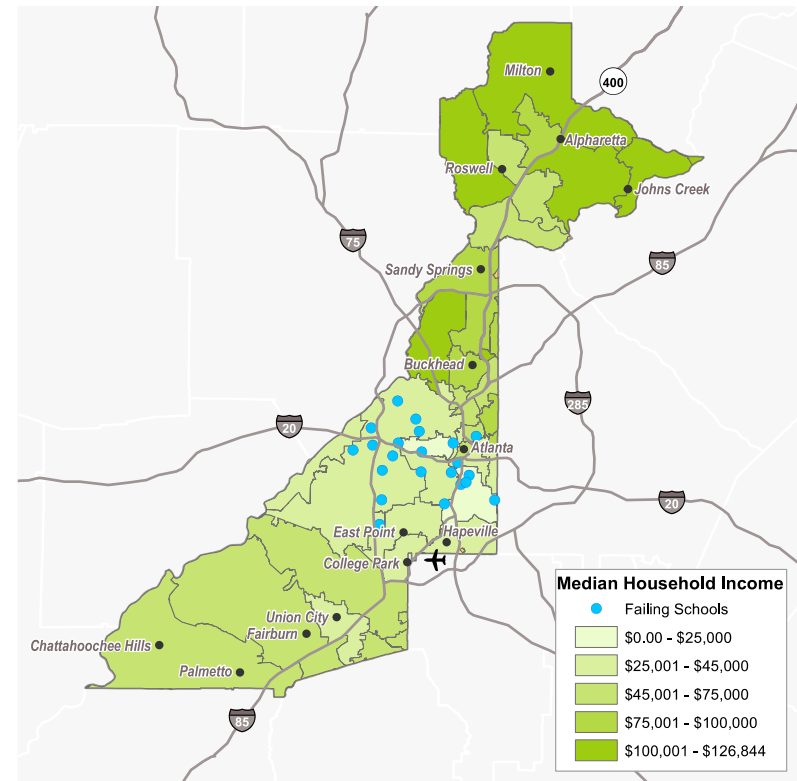
Map 5: Gini Coefficient by Zip Code in Fulton



Map by: Sarah Carnes

According to the Gini Coefficient, the most unequal areas based on income are sandwiched between the county's bottleneck and I-20 ("the belly"), particularly surrounding Buckhead and north of Sandy Springs. The Gini Coefficient, however, must be carefully applied as a measure of income inequality, especially at the micro-level, and should be used in concert with other indicators to determine the most apt locations for investment. For example, an area can appear relatively equal, yet have an entire population that is considered poor (e.g., East Point and Union City).

Map 6: Median Household Income and Failing Atlanta Public Schools by Zip Code in Fulton

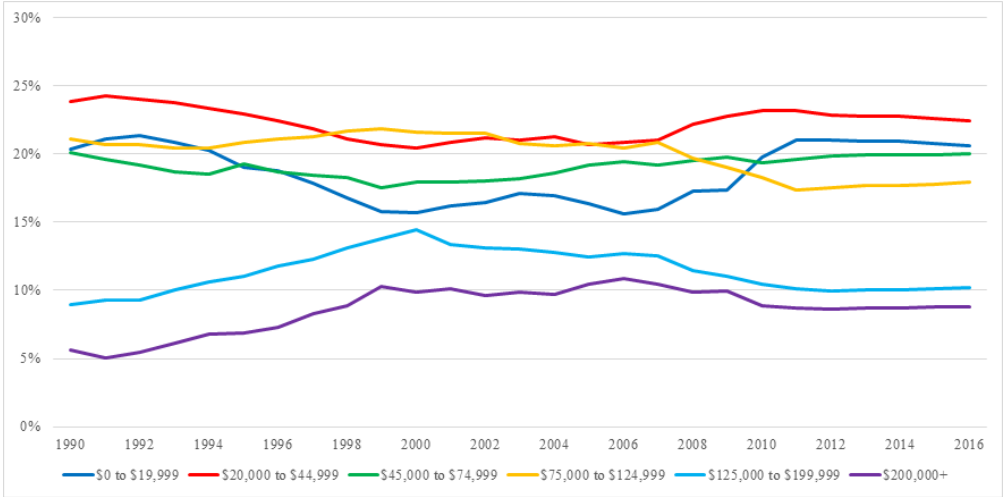


Map by: Sarah Carnes

Note: Failing schools identified by the Georgia Department of Education.

The Northern half of Fulton County boasts a significantly higher median household income than the rest of the county; the belly of the county fares worst. Failing schools, as identified by the Georgia Department of Education, are also seemingly concentrated in areas of lower household income.

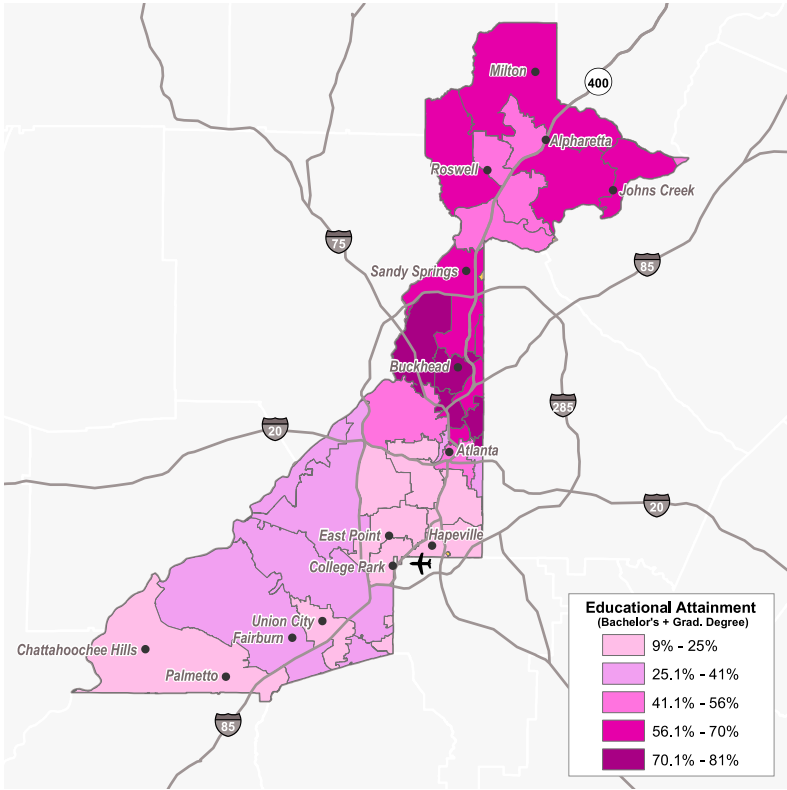
Figure 10: Proportion of Households by Income in Fulton (1990 to 2016)



Source: Woods and Poole Economics, 2016 (2016\$)

Fulton County households earning \$200,000 or more annually account for a greater share of total income compared to two-and-a-half decades ago. Households earning between \$75,000 and \$124,999 per year account for a 3.2 percent smaller of total income share today versus 1990.

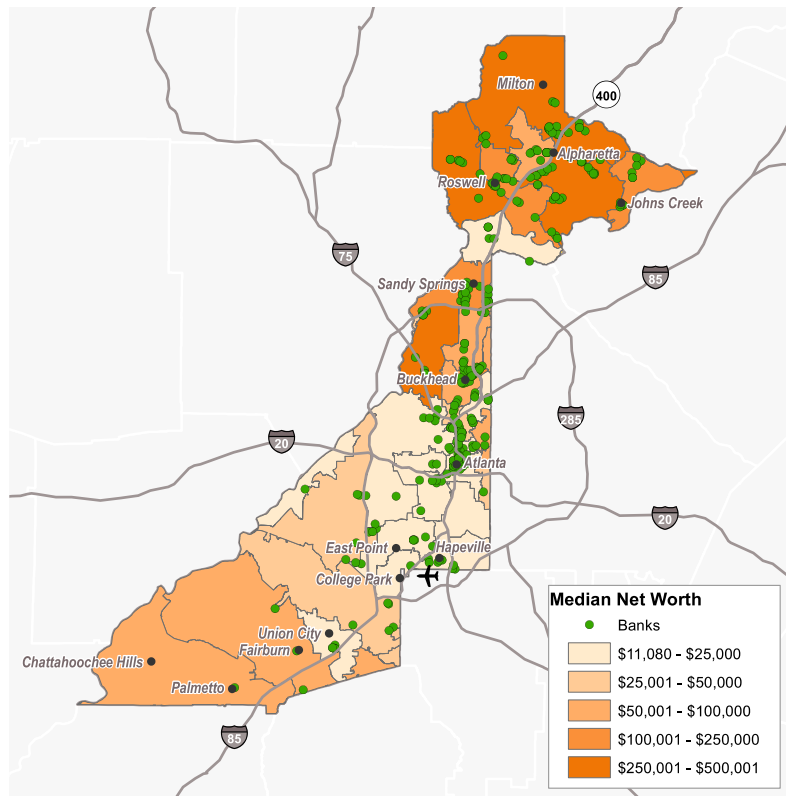
Map 7: Educational Attainment by Zip Code in Fulton



Map by: Sarah Carnes

Similarly, the Northern half of Fulton County boasts a significantly higher level of educational attainment compared to the rest of the county.

Map 8: Median Net Worth and Concentration of Banks by Zip Code in Fulton

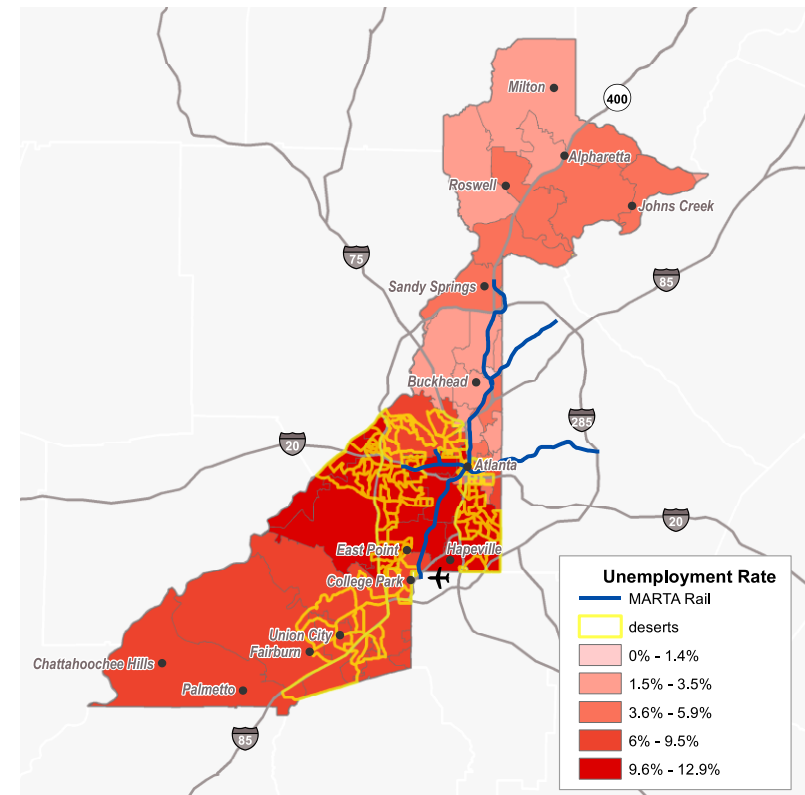


Map by: Sarah Carnes

Note: Bank locations provided by Business Wise.

The geographic distribution of net worth closely aligns with the income distribution in Fulton County. Individuals living in zip codes with a higher net worth also have greater access to financial institutions, although there is a large concentration along the 75-N/85-N corridor.

Map 9: Unemployment, Food Deserts, and MARTA Rail Access in Fulton



Map by: Sarah Carnes

Note: Food deserts are shown by census tract and are defined according to the United States Department of Agriculture. MARTA is the Atlanta area's public rail system.

Unemployment again plagues the belly of the county, which is also where the majority of food deserts are concentrated. Public transit may also insufficiently serve the residents that need connectivity most, especially to access jobs and services.

Moving Forward

Inclusive economic development underscores both the pace and pattern of growth and is an “essential ingredient” for sustained success (Ianchovichina & Lundstrom, 2009, p. 2). Future economic competitiveness and long-term economic prosperity can be secured by implementing an equity-driven growth model that creates good jobs, resurrects the middle class, and guarantees economic prosperity for all. Economic inclusion tools have been used to connect vulnerable groups to economic opportunities since the 1960s, yet these tools have not been “thoroughly integrated into large-scale job creation, economic development, and public investment strategies,” a necessary next step to fully remove the barriers that prevent the full participation of all citizens, especially minorities and the economically disadvantaged, in the economy (Treuhart & Rubin, 2010, p. 3). Thus, in order for Fulton County to move forward with an inclusive economic development approach as a means of achieving economic success and broadening opportunity for all, leaders should adhere to the following recommendations:

Convene regional leaders and identify who will lead the effort. First and foremost, local economic developers must come together to have a focused conversation on inclusive economic development. *Are some practitioners already implementing this type of approach to growth? Are others skeptical of equity’s role in economic development practice?* Economic development organizations must also endorse the inclusive economic development agenda and begin to track who benefits from new and expanding businesses and the accompanying jobs and capital investment in communities.

Aside from buy-in from practitioners and organizations, other local business, institutional, governmental, and non-profit leaders must also make a long-term commitment to support quality growth and development, not just growth for the sake of growth. Rittel and Webber remind us that the classical systems-engineering approach is inadequate to address societal problems, which are never actually solved - only re-solved time and time again (1973, p. 16). Thus, stakeholders must be prepared for a significant investment of time, energy, and financial resources on the front end in hopes of affecting future change. Local leaders must also determine who will track the region’s progress in implementing an inclusive economic development agenda and also convene stakeholders as progress is made and new challenges arise.

This is already beginning to happen in Atlanta, although in a limited capacity. The Metro Atlanta Chamber of Commerce and Georgia Power Company have convened several focus groups comprised of regional economic development practitioners, real estate developers, site location consultants, planning agencies, and non-profits to outline what shared-growth may look like in a sprawling region with growing income inequality and racial divides. Yet more conversation still needs to be centered around the business attraction and retention strategies of practitioners who can actively rethink how to broaden opportunity while also growing jobs and capital investment.

Engage members of the community to understand areas of need. Local economic developers need to know their communities – and not just the availability of land, labor, and capital. *What types of jobs does the community desire (and still realistically align with the community’s locational assets)?* Local economic developers can help create quality, living-wage jobs for the

residents in communities through local-hiring provisions. And, although the chair of the local economic development authority may cringe at the thought, economic development practitioners have the power to say “no” to projects that will pay low-wages, impede future economic development efforts, or not add significant economic or social value to the local residents.

Identify key opportunity areas for each locality. If not working a project, the local economic developer may – under traditional circumstances – be told to go find one. Practitioners should instead conduct needs assessments for each neighborhood within their community. *Which areas need more job training programs? Which areas need greater access to healthcare? Healthy foods?* Practitioners should understand the benefits of working to attract a 3,500 automobile assembly plant and also working to attract a full-service clinic, bank, or grocery store to a traditionally service-limited community. In addition to trade shows, lunches with site location consultants, and networking events with area commercial real estate agents, practitioners can build relationships with businesses who have a socially-minded focus or have previously located in an economically disadvantaged area.

Charge local economic and community developers to work closely together. Long-term prosperity requires that economic and community developers work together. In order for communities to continue attracting new firms and adding jobs, a thoughtful community development strategy must be in place. *What workforce and skills-training programs exist for current residents and underemployed workers? Are jobs located near where people live or is there a jobs-housing mismatch?* Economic and community developers should also maintain a constant stream of communication to share what is and is not working. *Why are firms attracted to the community? What causes firms to relocate or not locate here at all?*

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